

The Delaware Renewable Energy Taskforce Meeting

Delaware Energy Office

1203 College Park Drive, Suite 101, Dover, DE 19904

Wednesday, November 3, 2010 9:30am-12:00pm

http://www.dnrec.delaware.gov/energy/information/Pages/DE_Renewable_Energy_Taskforce.aspx

Scheduling for upcoming Taskforce meetings:

Tuesday, November 16, 2010 9:30am-12:00pm

Wednesday, December 1, 2010 9:30am-12:00pm

Ground Rules for Taskforce related meetings:

All meetings are open to the public including the sub-committee. (currently working on better understanding the solar market)

All meetings will have time for public comment.

The presentation from the Solar Industry is rescheduled for December 1, 2010.

Presentation: Sub-committee report out by Glenn Moore, Delmarva Power

Please note that all the information contained in this presentation is in draft form and should not be taken as a final recommendation. All numbers are open for debate and discussion.

Goals, tasks, and rules of the sub-committee:

- Develop recommendations on meeting the RPS solar goals for the near term (2011-2012 timeframe) that balance multiple stakeholders from across the state.
- The sub-committee is composed of 6 voting members.
- The sub-committee is using the University of Delaware's PV Planner modeling program to understand possible SREC prices and market tiers.
- The sub-committee's meetings are open to the public. If you are interested please contact Morgan Ellis at morgan.ellis@state.de.us.

The University of Delaware's PV Planner modeling software:

The Center for Energy and Environmental Policy (CEEP) has investigated the technical and economic feasibility of using solar electric power (provided by commonly termed 'photovoltaic' (PV) technology or 'solar cells'). CEEP has worked with the U.S. National Renewable Energy Laboratory and others for 16 years on the development of *PV Planner*® software to analyze the benefits of PV technology. *PV Planner*® utilizes a vast quantity of data to model the physical, economic, financial and policy contexts specific to the area where the PV system is being installed.

The sub-committee spent a significant amount of time defining the 100 inputs within the PV Planner System specifically for Tiers 1 and 2.

Highlighted Outcomes from the sub-committee's findings thus far:

Solar Tiers:

Currently, the sub-committee has developed 4 Solar Tiers:

- Tier 1: $\leq 50\text{kW}$ systems
- Tier 2: $> 50\text{kW}$ to $\leq 500\text{kW}$ systems
- Tier 3: $> 500\text{kW}$ to $\leq 2\text{mW}$ systems
- Tier 4: $> 2\text{mW}$ systems

Tiering is important to the industry. Tier 1 is more expensive but provides more jobs. Tier 4 is less expensive but does not have the jobs element.

Timeframe and initial focus:

Tiers 1 and 2 are the main focus for the 2011-2012 timeframe.

Tiers 3 and 4 are in progress, however not the main focus to the timeframe.

Grants and Rebates are important to the outcomes and SREC prices:

In reviewing the variable the sub-committee noted that "State or Local (e.g., municipal, utility) Rebates or Grants on Initial Cost of Capital in % or \$/Wp State Tax Credits if any in %" greatly impact the outcomes of SREC prices. The sustainability of these grants is crucial.

Tier 1 SREC prices:

Assuming a rebate or grant (based on 7.5kWp residential rooftop application) at \$8,125 the SREC price would be \$290/MWh. \$8,125 was sourced to the Delaware Energy Office Green Energy Fund grants and rebates.

Tier 2 SREC prices:

No grant or rebate was factored into setting the Tier 2 SREC prices. (Tier 2 customers accounting still make it viable).

SREC prices and contract length:

The PV Planner was used to set the prices for tiers.

Contract length for Tier 1 and 2 systems is two ten-year price blocks:

- Tier 1
 - \$290 first ten years
 - \$50 second ten years
- Tier 2
 - \$270 first ten years
 - \$50 second ten years

Tier 1 and 2 Procurement Strategies:

Prices will be set and then a quantity auction will be used to buy the SRECs. Key to the quantity auction will be site control and contracts, do not want this to become a speculative market. Participants will be preapproved with a signed contract prior to being able to participate in the auction. The SEU will play a large role in this process. The SEU could conduct these auctions. Details of the process are still being determined.

Tier 3 thus far:

Tier 3 is a competitive process and would probably need production guarantees in this tier. Sub-committee is currently in the process of addressing issues specific (ensuring no manipulation of this tier, site control, etc.) to Tier 3.

1% Circuit Breaker:

Any potential recommendation must take into consideration the 1% circuit breaker. This will be an ongoing conversation, the sub-committee does not feel that this threshold will be hit during the first year.

For additional information on the sub-committee's report out please see the "Update from the DE Renewable Energy Taskforce Sub-committee on Solar Tiers"

Deliverables for upcoming meetings:

- Recommendation of SREC prices without the 10% multiplier so the Taskforce knows the base numbers for SRECs. (Responsibility Sub-Committee)
- Summary of rebates and other incentives from surrounding States (MD, PA, NJ, etc.). (Responsibility DSEC)
- Clarification on the auction/subscription list concept for Tiers 1 and 2. (Responsibility Sub-Committee)
- The ground rules being compiled by the Sub-committee's sub-group. (Responsibility Sub-Committee)
- Clarification on 3rd Party Suppliers and how they fit into the auction/subscription process. (Responsibility Sub-Committee)